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August 22, 2007

**HAND DELIVERED**

Ernest Johnson  
Director, Utilities Division  
Arizona Corporation Commission  
1200 W. Washington  
Phoenix, AZ 85007-2996

Arizona Corporation Commission  
**DOCKETED**

AUG 22 2007

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Re: *Report Regarding Layoff of AT&T Employees in Arizona Pursuant to Decision No. 68865; Docket Nos. T-02428A-06-0203, T-03016A-06-0203, T-03116A-06-0203, T-03287A-06-0203 and T-03346A-06-0203*

Dear Mr. Johnson:

On behalf of AT&T Inc. ("AT&T"), the purpose of this report is to provide further information regarding the layoff of AT&T employees located in Arizona that were given notice of a surplus condition and for which AT&T provided the Commission notice on April 23, 2007. This report is provided pursuant to the first ordering paragraph at page 10 of Decision No. 68865.

The layoffs were necessary due 1) to the consolidation of the operations of similar units into a larger center in order to take advantage of scale and improve operational efficiencies and 2) to the market pressures caused as customers move away from traditional wireline services to other alternatives including wireless and internet-based services.

The force reduction involved sixteen (16) non-management employees in the bill print operations and two (2) non-management employees in the billing integrity management, or credit and collections unit. All non-management employees were able to follow their work to a new work location and, if they chose to do so, were entitled to a one-time cash payment to defray the costs of the relocation. Those employees who elected not to follow their work received a severance payment based on years of service and position. In addition, the employees can take advantage of post-termination employment search assistance funded by AT&T and have access to the AT&T Resource Centers for three years after the notification. The AT&T Resource centers have a full

Ernest Johnson  
August 22, 2007  
Page 2

array of career transition services and provide assistance for resume production and external job lead support. Professional career counselors are available at the Resource Centers to assist employees.

The bill print operations were transferred to a legacy SBC bill print center in West Sacramento, California, which had excess capacity and was configured with the hardware and software platforms that will be utilized by AT&T in the future. Of the impacted employees in the bill print center, three elected to follow their work to the West Sacramento office and the other 13 elected to take the severance payment. The follow-the-work option was also offered to the two employees in the billing integrity unit. Both of the employees in the billing integrity, or credit and collections unit declined to follow their work to the Ft. Worth, Texas center, and instead elected one of the AT&T Option Plans known as the Extended Compensation Offer/Skills Match Center. Under this option there is a potential opportunity for an employee to be assigned to temporary work within another AT&T organization or seek a permanent job position internally. Employees in this option receive a prioritized staffing status and continue to receive termination benefits commensurate with their years of service.

In addition, the force reduction involved one management employee in the consumer marketing unit whose position was eliminated due to reductions in work order volumes. This employee had full access to AT&T Career Path for 60 days but did not find an internal opportunity within AT&T.

Very truly yours,

GALLAGHER & KENNEDY, P.A.

A handwritten signature in black ink, appearing to read "Michael M. Grant", with a stylized flourish at the end.

By:

Michael M. Grant

MMG/plp  
17840-3/1609355

cc: Ernest Johnson, Utilities Division (delivered)

**Original and 23 copies** filed with Docket  
Control this 22<sup>nd</sup> day of August, 2007.